Supreme Court, U.S.
FILED
MAY 9 2001
OFFICE OF THE CLERK

(8)

No. 00-1543

In the Supreme Court of the United States

FESTO CORPORATION,

PETITIONER,

v.

SHOKETSU KONZOKU KOGYO KABUSHIKI CO., LTD., A/K/A SMC CORPORATION AND SMC PNEUMATICS, INC.,

RESPONDENTS.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF OF AMICUS CURIAE FEDERAL CIRCUIT BAR ASSOCIATION IN SUPPORT OF PETITIONER

GEORGE E. HUTCHINSON
EXECUTIVE DIRECTOR,
FEDERAL CIRCUIT
BAR ASSOCIATION
1300 I Street, N.W.
Suite 700
Washington, D.C. 20005
(202) 408-4000

CLAIRE LAPORTE
(Counsel of Record)
MITCHELL J. MATORIN
ROBERT L. BOCCHINO JR.
MEGAN H. MACK
MARK A. REILLY
FOLEY, HOAG & ELIOT LLP
One Post Office Square
Boston, MA 02109
(617) 832-1000
Counsel for Amicus Curiae
Federal Circuit Bar Association

26 pp

TABLE OF CONTENTS

STATEMENT OF INTEREST OF *AMICUS CURIAE*.....1

SUMMARY OF THE ARGUMENT 2

ARGUMENT.....3

I. THE *FESTO* DECISION ANNOUNCED NEW RULES OF LAW THAT SIGNIFICANTLY EXPAND PROSECUTION HISTORY ESTOPPEL AND NARROW THE DOCTRINE OF EQUIVALENTS.....4

II. THE NEW RULES ANNOUNCED IN *FESTO* WILL HAVE PROFOUND EFFECTS ON PATENT PROSECUTION, PATENT LITIGATION, AND BUSINESS TRANSACTIONS. 8

A. By Discouraging Claim Amendments, the *Festo* Decision Limits One of the Public's Primary Resources for Ascertaining the Scope of the Claimed Invention.....8

B. *Festo* Creates a Dilemma for Investors Who Must Both Avoid Amendments and Avoid Drafting Claims Too Narrowly. 11

C. *Festo* Will Have a Negative Impact on the Conduct of Patent Litigation. 12

D. *Festo* Disrupts Investment-Backed Expectations Based Upon Prior Settled Law.....13

E. *Festo* May Increase the Cost of Patent Prosecution and May Discourage Inventors from Applying for Patents. 16

F. *Festo* May Increase the Burdens on the Patent and Trademark Office. 16

III. FESTO RAISES IMPORTANT QUESTIONS REGARDING APPELLATE DECISION-MAKING. 17

CONCLUSION 20

TABLE OF AUTHORITIES

Cases

ACLARA Biosciences, Inc. v. Caliper Techs. Corp., 125 F. Supp. 2d 391 (N.D. Cal. 2000) 13

Control Resources, Inc. v. Delta Elecs., Inc., 133 F. Supp. 2d 121 (D. Mass. 2001) 19

Elkay Mfg. Co. v. Ebco Mfg. Co., 192 F.3d 973 (Fed. Cir. 1999) 10

Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., 234 F.3d 558 (Fed. Cir. 2000) ..... passim

Flast v. Cohen, 392 U.S. 83 (1968) 18

Graco Children's Prods. Inc. v. Regalo Int'l LLC, No. 97-CV-6885, 2001 WL 392886 (E.D. Pa. Apr. 17, 2001) 13

Graver Tank & Mfg. Co. v. Linde Air Prods. Co., 339 U.S. 605 (1950) 1, 4, 14

Hughes Aircraft Co. v. United States, 140 F.3d 1470 (Fed. Cir. 1998) 6

Hughes Aircraft Co. v. United States, 717 F.2d 1351 (Fed. Cir. 1983) 6, 7

In re Morris, 127 F.3d 1048, 1054 (Fed. Cir. 1997) 9

Johnson & Johnston Assocs., Inc. v. R.E. Serv. Co., 238 F.3d 1347 (Fed. Cir. 2001) 17, 18

Kinzenbaw v. Deere & Co., 741 F.2d 383 (Fed. Cir. 1984) 6

Litton Sys., Inc. v. Honeywell, Inc., 238 F.3d 1376 (Fed. Cir. 2001) 14, 19

Markman v. Westview Instruments, Inc., 517 U.S. 370 (1996) 12

Pickholtz v. Rainbow Techs., Inc.,
125 F. Supp. 2d 1156 (N.D. Cal. 2000) 10, 19

Prodyne Enters., Inc. v. Julie Pomerantz, Inc.,
743 F.2d 1581 (Fed. Cir. 1984) 6

Sage Prods., Inc. v. Devon Indus., Inc.,
126 F.3d 1420 (Fed. Cir. 1997) 11, 12

Senior Techs., Inc. v. R.F. Techs., Inc.,
Nos. 00-1089, 00-1090, 2001 U.S. App.
LEXIS 4179 (Fed. Cir. Mar. 21, 2001) 19

Standard Oil Co. v. American Cyanamid Co.,
774 F.2d 448 (Fed. Cir. 1985) 10

Sun Studs, Inc. v. ATA Equip. Leasing, Inc.,
872 F.2d 978 (Fed. Cir.), *vacated in part on other grounds*, 11 U.S.P.Q.2d (BNA) 1479 (Fed. Cir. 1989) 6

United States v. Fruehauf,
365 U.S. 146 (1961) 18

Vitronics Corp. v. Conceptronic, Inc.,
90 F.3d 1576 (Fed. Cir. 1996) 9

Warner-Jenkinson Co. v. Hilton Davis Chem. Co.,
520 U.S. 17 (1997) 1, 3, 4, 14

Rules

Supreme Court Rule 10(c) 1, 3

Supreme Court Rule 37.2(a) 1

Supreme Court Rule 37.1 1

Supreme Court Rule 37.6 1

Constitution, Statutes, and Regulation

U.S. Const. art. I, § 8 3

28 U.S.C. § 1295(a)(4)(A) 17

35 U.S.C. § 101 4

35 U.S.C. § 102 4

35 U.S.C. § 103 4

35 U.S.C. § 112 4

35 U.S.C. § 154(b) 19

35 U.S.C. § 271 20

Patent Term Guarantee Act of 1999, Pub. L. No. 106-113,
§ 4402, 113 Stat. 1501A-557 19

Process Patent Amendments Act of 1988,
Pub. L. No. 100-418, § 9003, 102 Stat. 1563 20

Uruguay Round Agreements Act, Pub. L.
No. 103-465, § 533(a), 108 Stat. 4988 (1994) 20

37 C.F.R. § 1.191(a) (2000) 17

Other Authorities

William M. Atkinson et al., *Was* Festo *Really Necessary?*,
83 J. Pat. & Trademark Off. Soc'y 111
(Feb. 2001) 7

Cases and Recent Developments, 10 Fed. Circuit B.J.
397, 419 (2000) 3

Lester Horwitz & Ethan Horwitz, *Intellectual Property Counseling & Litigation*, § 2.07[6] (2000) 10-11

Alex Porat, *Federal Circuit Narrows Scope of Patents: Design-Arounds Just Got Easier*, E-Commerce,
Dec. 2000, at 5 ..... 9, 15

Kevin A. Wolff et al., *The Unspoken Loss in Shareholder Value: Patent Rights Take A Hit*, Mealey's Litigation
Report: Patents, Apr. 2, 2001 ..... 9, 10, 14, 15, 16, 17

STATEMENT OF INTEREST OF *AMICUS CURIAE*

The Federal Circuit Bar Association ("FCBA") is a national organization comprising approximately 2,400 attorneys whose practice concerns the United States Court of Appeals for the Federal Circuit in all aspects of its jurisdiction. The FCBA offers a forum for common concerns and dialogue between the bar and the judges of the Federal Circuit. One of the purposes of the FCBA is to offer assistance and advice to the federal courts, including briefs *amicus curiae*, on matters affecting practice before the Federal Circuit and lower tribunals.[1]

Pursuant to Supreme Court Rule 37.2(a), the FCBA has conferred with the parties regarding the filing of this brief *amicus curiae*, and both parties have consented to its filing. Evidence of the written consent of the parties has been filed separately herewith.

The FCBA respectfully submits this brief in support of the petition for certiorari filed by Petitioner Festo Corporation.[2] Specifically, the FCBA seeks to provide a practitioners'-eye view of the impact of the Federal Circuit's decision in *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 234 F.3d 558 (Fed. Cir. 2000) ("*Festo*") on

---

[1] Pursuant to Supreme Court Rule 37.6, the FCBA states that no counsel for a party authored this brief in whole or in part. No person or entity, other than the *amicus curiae*, its members, or its counsel, made any monetary contribution to the preparation or submission of the brief.

[2] Pursuant to Supreme Court Rule 37.1, the FCBA refrains from reiterating the points argued by Petitioner. In particular, the FCBA does not analyze the conflict between the *Festo* decision and the prior rulings of this Court, except insofar as such conflict is relevant to the decision's impact on patent practitioners. *See, e.g., Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 30-33 (1997); *Graver Tank & Mfg. Co. v. Linde Air Prods. Co.*, 339 U.S. 605, 609 (1950). The FCBA agrees with petitioner that *Festo* cannot be reconciled with this Court's prior cases, and the petition should be granted on that ground as well as on the grounds advanced below. Sup. Ct. R. 10(c).

those involved in the prosecution, litigation, and licensing of patent rights, and on the patent system as a whole.

SUMMARY OF THE ARGUMENT

1. The Supreme Court should grant the petition for certiorari because in *Festo* the Federal Circuit announced major changes in federal patent law relating to the doctrine of equivalents and prosecution history estoppel. The new rules enunciated in *Festo* have significantly changed prior law and have overturned numerous cases on which patentees, patent practitioners, and others had relied.

2. The new rules announced by the Federal Circuit in *Festo* will have profound effects on the prosecution, enforcement, and licensing of patents. The Federal Circuit limited the availability of the doctrine of equivalents in order to create more certainty regarding the scope of patent protection. However, *Festo* may have the unintended effect of discouraging practices, such as claim amendments, that shed light on the meaning of patent claims. The practices encouraged by *Festo* may also increase the costs of patent prosecution and litigation. In addition, the changes in *Festo* have diminished the rights of patent holders.

3. In *Festo*, the Federal Circuit solicited briefing by the parties and *amici* on several broad questions not raised by the parties, and it then enunciated several new rules of law in response to those questions. This procedure raises questions regarding the Federal Circuit's appellate decision-making process, particularly because the court announced the new rules *en banc*. Litigants and the lower federal courts are thus likely to treat the new rules as controlling, even when those courts are asked to apply them in factual circumstances that differ from the facts in this case. The Court should grant the petition so that it can address the propriety of the Federal Circuit's procedure.

ARGUMENT

This Court should grant certiorari pursuant to Supreme Court Rule 10(c) because the Federal Circuit in *Festo* decided several important questions of federal law that should be settled by this Court. We respectfully submit that the decision below represents a departure from settled precedents long followed by lower courts and tribunals and relied upon by patent prosecutors and litigators. *See, e.g., Cases and Recent Developments*, 10 Fed. Circuit B.J. 397, 419 (2000) ("There are very few opinions in Federal Circuit jurisprudence that so dramatically and suddenly alter the course of the law."). The *Festo* decision resolved several general questions in a manner that will alter the investment-backed expectations of patentees and will force a revision, with many unforeseen consequences, in the way the patent bar practices its craft.

The FCBA is conscious of this Court's reliance on the Federal Circuit for the day-to-day development and administration of patent law. *See, e.g., Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 40 (1997). However, we believe that review of the *Festo* decision by this Court is appropriate, because the Federal Circuit has gone beyond the ordinary administration and development of patent law. Rather than refining the doctrine of equivalents in the "orderly course of case-by-case determinations," *id.*, the *en banc* court in *Festo* fundamentally changed the doctrine in a way that may undermine the careful balance between public disclosure of inventions and the limited exclusivity guaranteed by Article 1, Section 8 of the Constitution.

I. THE *FESTO* DECISION ANNOUNCED NEW RULES OF LAW THAT SIGNIFICANTLY EXPAND PROSECUTION HISTORY ESTOPPEL AND NARROW THE DOCTRINE OF EQUIVALENTS.

The *Festo* decision has wrought a fundamental change in the interaction between two related and important rules of patent law: the doctrine of equivalents and prosecution history estoppel. The doctrine of equivalents grants the patentee a degree of protection beyond the literal claims of the patent to ensure that "unscrupulous copyist[s]" cannot make "unimportant and insubstantial changes in the patent which, though adding nothing, would be enough to take the copied matter outside the claim." *Graver Tank & Mfg. Co. v. Linde Air Prods. Co.*, 339 U.S. 605, 607-08 (1950). Prosecution history estoppel, on the other hand, ensures that the patentee cannot, through the doctrine of equivalents, claim subject matter that he has in fact disclaimed during prosecution of the patent. Prosecution history estoppel applies to claims that have been amended during prosecution for a "substantial reason related to patentability." *Warner-Jenkinson*, 520 U.S. at 33.

In *Festo*, the court expanded the doctrine of prosecution history estoppel and narrowed the doctrine of equivalents by announcing, in relevant part, the following new rules of law:

1. In determining what is a "substantial reason related to patentability," the term "patentability" is not limited to overcoming prior art under 35 U.S.C. §§ 102 and 103, but includes amendments required under § 101 (requirement of patentable subject matter) and § 112 (requirement of specification). *Festo*, 234 F.3d at 566.
2. An amendment made voluntarily by a patentee, and not required by the examiner, creates prosecution history estoppel just as a required amendment does. *Festo*, 234 F.3d at 568.
3. If a claim amendment creates prosecution history estoppel, then no range of equivalents is available for the amended claim element – i.e., prosecution history estoppel operates as a "complete bar" to infringement by equivalents. *Festo*, 234 F.3d at 569.

The first and second rules set forth above, while not clearly contrary to prior law, underscore the *Festo* court's expansion of prosecution history estoppel and the concomitant narrowing of the doctrine of equivalents. In particular, the first rule (that prosecution history estoppel may arise from amendments for purposes other than distinguishing prior art) is a departure from established practice. Before *Festo*, practitioners tended to focus on amendments and arguments based on prior art rejections as the basis for determining whether the patentee would be estopped from asserting equivalents against an accused product or process. After *Festo*, accused infringers will rely on prosecution history estoppel far more in other contexts (for example, an amendment to clarify claim language) where historically the doctrine was not often applied.

The third rule announced in *Festo* (that prosecution history estoppel functions as a "complete bar" to the doctrine of equivalents) departs from almost all of the pre-*Festo* cases in a way that significantly limits the availability of the doctrine of equivalents. Prior to *Festo*, all but two Federal Circuit cases addressing the issue had held that prosecution history estoppel bars infringement of the amended claim by some equivalents but not by others. To determine whether prosecution history estoppel barred a particular use of the doctrine of equivalents, the court would look at facts such as the nature and purpose of the amendment; the patentee's own statements about what was disclaimed in the amendment; the relationship between the original claim, the amended claim, and the accused product; and (if the amendment had been

made to avoid prior art) the relationship between the accused product, the invention, and the prior art. *See, e.g., Hughes Aircraft Co. v. United States*, 140 F.3d 1470, 1476 (Fed. Cir. 1998) (in applying the doctrine, "a court must determine what subject matter the patentee actually surrendered"); *Sun Studs, Inc. v. ATA Equip. Leasing, Inc.*, 872 F.2d 978, 987 (Fed. Cir.) ("The scope of estoppel must be determined in light of the prior art that occasioned the change, as well as representations made to the patent examiner as to the reason for the change."), *vacated in part on other grounds*, 11 U.S.P.Q.2d (BNA) 1479 (Fed. Cir. 1989). Under this approach, which the *Festo* court termed the "flexible bar" rule, *Festo*, 234 F.3d at 572, the limiting effect of prosecution history estoppel was "within a spectrum ranging from great to small to zero," *Hughes Aircraft Co. v. United States*, 717 F.2d 1351, 1363 (Fed. Cir. 1983), and where it lay in that spectrum depended on the specific facts and circumstances of the case.[3]

Deciding that the flexible bar approach had become "unworkable," the *Festo* court rejected this approach in favor of a "complete bar" that arises whenever "an amendment has narrowed the scope of a claim for a reason related to patentability."[4] *Id.* at 574-75. That is, a patentee may no longer assert infringement by equivalents of a claim element that has been added for patentability reasons, regardless of the relationship between the accused product, the invention, and the prior art; the purpose of the amendment; or the scope of what the patentee has actually disclaimed.

The significance of this change is illustrated by the Federal Circuit's 1983 holding in *Hughes Aircraft*, 717 F.2d at 1351, one of many pre-*Festo* Federal Circuit decisions that relied on the flexible bar rule and have been overruled either expressly or *sub silentio*, or cast into doubt, by *Festo*.[5] In *Hughes Aircraft*, the invention at issue was a satellite capable of maintaining its position while orbiting the earth. 717 F.2d at 1352. The claimed satellite and the infringing satellite were identical in every material way save one: in the patented invention, signals from the satellite were transmitted to earth, where calculations used to determine satellite position were made by a ground crew; in the accused satellite, signals were transmitted to a computer on board the satellite that performed the calculations. *Id.* at 1360-61, 1364. Because the distinction was insubstantial, the court concluded that the accused satellite infringed under the doctrine of equivalents. *Id.* at 1366. Although the patentee had amended the claims to distinguish prior art, the court ruled that prosecution history estoppel did not apply because the infringing device did not fit within the subject matter surrendered during prosecution. *Id.* at 1362.

The outcome would have been different under *Festo*. Rather than identifying what subject matter was actually disclaimed during prosecution and comparing that disclaimed subject matter with the allegedly infringing device, a post-*Festo* court would ask only (1) whether the

---

[3] The two pre-*Festo* cases cited by the *Festo* majority as inconsistent with this approach are *Kinzenbaw v. Deere & Co.*, 741 F.2d 383 (Fed. Cir. 1984) and *Prodyne Enterprises, Inc. v. Julie Pomerantz, Inc.*, 743 F.2d 1581 (Fed. Cir. 1984). In fact, while these decisions contain language that is in tension with the flexible bar rule, the holdings even of these cases are arguably consistent with the flexible bar. *See Festo*, 234 F.2d at 610 (Michel, J., concurring in part and dissenting in part).

[4] The court concluded that the flexible bar rule was unworkable because, by creating uncertainty as to which equivalents are available and which are not, it impaired the "notice function" of patent claims – i.e., the role of patent claims in specifying exactly what the patentee has claimed and what is available to others. *See Festo*, 234 F.3d at 574-78. As discussed below, the *Festo* "complete bar" rule may itself impair the notice function. *See Festo*, 234 F.3d at 593 (Plager, J., concurring) (noting that "[i]n time . . . the supposed benefits of the doctrinal improvements contained in [*Festo*] may prove illusory").

[5] *See Festo*, 234 F.3d at 613-615 (Michel, J., concurring in part and dissenting in part); *see also* William M. Atkinson et al., *Was* Festo *Really Necessary?*, 83 J. Pat. & Trademark Off. Soc'y 111, 143-50 (Feb. 2001).

claim limitation was narrowed and (2) whether it was narrowed for a substantial reason related to patentability. Because the answers to these two questions were affirmative in *Hughes Aircraft*, the patentee would have been left without a remedy.

II. THE NEW RULES ANNOUNCED IN *FESTO* WILL HAVE PROFOUND EFFECTS ON PATENT PROSECUTION, PATENT LITIGATION, AND BUSINESS TRANSACTIONS.

A. By Discouraging Claim Amendments, the *Festo* Decision Limits One of the Public's Primary Resources for Ascertaining the Scope of the Claimed Invention.

The primary reason advanced by the Federal Circuit for abandoning the flexible bar approach to prosecution history estoppel was to increase certainty regarding the scope of available equivalents. *See Festo*, 234 F.3d at 574-78. A patent's prosecution history record, however, is important not only to determine the scope of available equivalents, but also to ascertain the scope and meaning of the claims for literal infringement analysis. Indeed, the principal way in which prosecution histories serve the public notice function is by clarifying the literal scope of claims. As discussed below, the disincentives that *Festo* creates to amend claims during prosecution will encourage "stealth" prosecution tactics, the effect of which will be to reduce the value of prosecution history in elucidating the meaning of patent claims. Further, the detrimental effect of such tactics may outweigh the benefit of any increased certainty that the *Festo* rule provides. Thus, the FCBA respectfully disagrees with the Federal Circuit's conclusion that the complete bar "best serves the notice and definitional function of patent claims." *Festo*, 234 F.3d at 576.

Before *Festo*, patent counsel often drafted claims broadly in anticipation of narrowing them by amendment, if necessary, during the course of prosecution. *See* Kevin A. Wolff et al., *The Unspoken Loss in Shareholder Value: Patent Rights Take A Hit*, Mealey's Litigation Report: Patents, Apr. 2, 2001, at 29-30 (explaining that patent practitioners prior to *Festo* typically drafted initial claims broadly); Alex Porat, *Federal Circuit Narrows Scope of Patents: Design-Arounds Just Got Easier*, E-Commerce, Dec. 2000, at 5. The patent examiner usually rejected broadly worded initial claims as anticipated or obvious in view of the prior art, or unpatentable on other statutory grounds. The applicant then amended the claims, explained the invention, distinguished the prior art, or pursued some combination of these approaches to overcome the rejection. *See In re Morris*, 127 F.3d 1048, 1054 (Fed. Cir. 1997) ("The process of patent prosecution is an interactive one. Once the PTO has made an initial determination that specified claims are not patentable . . . the burden of production falls upon the applicant to establish entitlement to a patent.").

This give and take between patent applicants and patent examiners is one of the great virtues of our patent system. The process of claim amendment usually forces applicants to commit themselves – at least to some extent – to constructions of their claims and interpretations of the prior art. Claim amendments create a public record in which the scope of an invention is clarified and defined. *See, e.g., Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576, 1583 (Fed. Cir. 1996); *see also In re Morris*, 127 F.3d at 1054 ("This [negotiation between applicant and examiner] promotes the development of the written record before the PTO that provides the requisite written notice to the public as to what the applicant claims as the invention.").

Because of the high price that *Festo* places on most amendments – complete loss of the doctrine of equivalents –

post-*Festo* applicants will probably abandon the approach of filing broad claims initially. Instead, inventors will take pains to avoid amendments by drafting narrow claims that are likely to be allowed without amendment, thereby depriving the public of the dialogue with the examiner discussed above. *See* Wolff, *supra*, at 31.

The *Festo* decision will also discourage inventors from clarifying claim language through voluntary amendments. "Clarifying" amendments are likely to give rise to prosecution history estoppel under *Festo*, because they implicate the requirements of 35 U.S.C. § 112. *See Festo*, 234 F.3d at 567; *Pickholtz v. Rainbow Techs., Inc.*, 125 F. Supp. 2d 1156, 1162 (N.D. Cal. 2000) (statement that amendment was "for clarification" constituted admission that it was related to patentability under § 112, paragraph 2). Thus, patent prosecutors will tend to avoid submitting clarifying amendments that would increase the intelligibility of the claims to the public.

Festo will also encourage applicants to seek interviews with the examiner either before or immediately after the first office action in the hope of having claims allowed without amendment and without submitting written remarks of the type that have also been held to create an estoppel.[6] The file history of a patent prosecuted in this way is unlikely to be illuminating as to the meaning or scope of claims, as examiners' notes of interviews with applicants are generally brief, and the real substance of the interview will remain inaccessible to the public. *See* Lester Horwitz & Ethan

[6] *See, e.g., Elkay Mfg. Co. v. Ebco Mfg. Co.*, 192 F.3d 973, 979 (Fed. Cir. 1999) ("Arguments made during the prosecution of a patent application are given the same weight as claim amendments."); *Standard Oil Co. v. American Cyanamid Co.*, 774 F.2d 448, 452 (Fed. Cir. 1985) ("[The prosecution history includes] all express representations made by or on behalf of the applicant to the examiner to induce a patent grant. . . . Such representations include amendments to the claims and arguments made to convince the examiner . . . .").

Horwitz, *Intellectual Property Counseling & Litigation*, § 2.07[6] (2000) ("[An] advantage of examiner interviews is that they usually produce little if any written record. . . . [T]he examiner complete[s] an Interview Summary Record Form PTOL-413 [that] usually includes a sketchy one or two line summary of what was discussed. . . . [T]he sketchy disclosure of the examiner interview summary is unlikely to furnish a basis for file wrapper estoppel arguments.").

Applicants will similarly be inclined to contest examiners' rejections instead of amending claims in response to rejections. File histories in which amendments are rigorously avoided are less likely to provide guidance to the public and to competitors as to the meaning and scope of claims. All of these effects will impair the beneficial public notice function traditionally served by patent prosecution.

B. *Festo* Creates a Dilemma for Inventors Who Must Both Avoid Amendments and Avoid Drafting Claims Too Narrowly.

Although inventors will now face severe consequences if they narrow their claims during prosecution, they cannot respond to *Festo* simply by drafting very narrow claims. If they do, they may find that they have no access to equivalents under other Federal Circuit cases. In *Sage Products, Inc. v. Devon Industries, Inc.*, 126 F.3d 1420 (Fed. Cir. 1997), the Federal Circuit held that patentees who have failed to claim foreseeable alternatives will be held to the limited scope of their claims and cannot reach unclaimed alternatives under the doctrine of equivalents. *See id.* at 1424-26 (finding noninfringement under doctrine of equivalents where patentee could have sought "broad patent protection"; patentee "must bear the cost of its failure to seek protection for this foreseeable alteration of its claimed structure").

Thus, "for a patentee who has claimed an invention narrowly, there may not be infringement under the doctrine

of equivalents in many cases, even though the patentee might have been able to claim more broadly." *Id.* at 1424. Read together, therefore, *Festo* and *Sage Products* create a dilemma: an inventor who successfully avoids the Scylla of *Festo* may encounter the Charybdis of *Sage Products*.

C. *Festo* Will Have a Negative Impact on the Conduct of Patent Litigation.

The consequences of *Festo* for patent litigation are no less significant than its impact upon patent prosecution. Claim amendments have been particularly important in patent litigation, where they have assisted courts and litigants in construing the literal meaning of claims under this Court's decision in *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996). Through the doctrine of prosecution history estoppel, claim amendments have also prevented patentees from claiming infringement for ideas that were clearly surrendered during the application process. In both cases, the amendments were read in context within the prosecution history in order to discern their meaning.

By contrast, in the wake of *Festo*, there are likely to be fewer claim amendments to provide information about the literal scope of claims. Ultimately, having less informative prosecution histories may add to the difficulty, expense, and uncertainty of litigation. Patent litigation – already a lengthy and expensive undertaking – will only become more so if applicants succeed in minimizing amendments and other written interactions with examiners.

Where there are amendments, litigants who dispute the applicability of the doctrine of equivalents will no longer focus on the negotiation between an applicant and an examiner as a narrative that informs the outer contours of available equivalents. Instead, they will concern themselves with collateral questions such as whether a particular amendment is a "narrowing" amendment, or what precisely constitutes an "element" of a claim as to which prosecution

history estoppel applies. *See Festo*, 234 F.3d at 569 ("When a claim amendment creates prosecution history estoppel with regard to *a claim element*, there is no range of equivalents available for the amended claim element.") (emphasis supplied).

In *ACLARA Biosciences, Inc. v. Caliper Techs. Corp.*, 125 F. Supp. 2d 391, 400-03 (N.D. Cal. 2000), for example, the court addressed the meaning of the term "element" in attempting to determine whether prosecution history estoppel should apply. Breaking down one clause or "element" into three separate components, or "limitations," the court concluded that there was no estoppel. *Id.* at 402-03. *See also Graco Children's Prods., Inc. v. Regalo Int'l LLC*, No 97-CV-6885, 2001 WL 392886, at *4 (E.D. Pa. Apr. 17, 2001). Under pre-*Festo* law, these courts would have engaged in a genuine examination of what the patentee had surrendered during prosecution. In view of *Festo*, however, the *ACLARA* court instead concerned itself with the question of how to define an "element," while the *Graco* court focused on whether a particular amendment was "narrowing."

D. *Festo* Disrupts Investment-Backed Expectations Based Upon Prior Settled Law.

The potential effects of *Festo* on the patents prosecuted under the old rules are extensive. Amendments have long been such an established part of the prosecution process that, as Judge Newman observed, a mere ten to fifteen percent of simple patents make it through the process without amendments, while the number of complex applications that escape amendment is "vanishingly small." *Festo*, 234 F.3d at 638 n.21 (Newman, J., concurring in part, dissenting in part). Judge Michel estimated in his *Festo* dissent that the decision will affect the scope of most of the approximately 1.2 million unexpired and enforceable patents. *Id.* at 618 (Michel, J., concurring in part, dissenting in part). The

expanded doctrine of prosecution history estoppel announced in *Festo* appears to weaken the rights of those existing patentees. *See Festo*, 234 F.3d at 638 (Newman, J., concurring in part, dissenting in part); *see also Litton Sys., Inc. v. Honeywell, Inc.*, 238 F.3d 1376 (Fed. Cir. 2001); Wolff, *supra*, at 31 ("The recent decision in *Litton* . . . bears witness to the sudden change in the value of patents that has resulted from *Festo*.").

By expanding the types of claim amendments that trigger prosecution history estoppel and simultaneously treating any such amendments as an absolute bar to infringement by equivalents, the *Festo* court has eliminated the doctrine of equivalents as a viable source of protection for many existing patents. As a result, the rights of existing patentees in amended claims risk becoming precisely what this Court has stated they should not be: a "hollow and useless thing." *Graver Tank*, 339 U.S. at 607. This Court in *Warner-Jenkinson* expressly rejected such substantial mid-course changes to patent law as unfairly disruptive of established expectations:

> To change so substantially the rules of the game now could very well subvert the various balances the PTO sought to strike when issuing the numerous patents which have not yet expired and which would be affected by our decision.

520 U.S. at 32 n.6.

If upheld, the bright-line rule announced in *Festo* is likely to provide a windfall to the competitors of existing patentees. Simply by reviewing a patent's prosecution history, competitors will be able to determine the claim elements for which there will be no range of equivalents. They will not be put to the trouble of determining the scope of what has been disclaimed by an amendment. If any claim element has been narrowed for a reason relating to patentability, a competitor need only identify that element

and introduce an insubstantial change to it without fear of infringement liability. *Festo*, 234 F.3d at 616 (Michel, J., concurring in part, dissenting in part) (*Festo* "provides copyists a fail-safe method to avoid liability for infringement").

Moreover, "any claim drafted in current technological terms [can] easily be circumvented after the advent of an advance in technology." *Festo*, 234 F.3d at 619 (Rader, J., concurring in part, dissenting in part). Before *Festo*, such technological advances were accounted for, at least to a degree, by the doctrine of equivalents. Post-*Festo*, technological advances may provide loopholes to infringers. The *Festo* decision, in the short term, is likely to provide incentives to competitors to copy rather than innovate, thus reducing the incentives provided by the patent system for investing in research and development. *See* Porat, *supra*, at 5.

Festo will also upset business decisions made in reliance on prior patent practice. Patentees that have relinquished trade secret protection in their inventions in exchange for patent protection may come to regret their decisions. Businesses that have decided whether to develop particular products or license certain patents by weighing the opportunities against the risk of infringement liability may find their decisions undermined. Business decisions such as these are backed by significant investments, the value of which has abruptly been altered by *Festo*. *See* Wolff, *supra*, at 31. The sudden weakening of existing patents is particularly troubling for companies and industries built around the value of their patent portfolios. In such industries, public and private investors have made significant decisions in reliance on the value of patents that were prosecuted according to prior practice and may now be significantly diminished in scope.

E. *Festo* May Increase the Cost of Patent Prosecution and May Discourage Inventors From Applying for Patents.

The price that *Festo* places on amending patent claims will increase the up-front cost of patent prosecution. *Festo* raises the standard of practice for patent prosecutors, requiring that they do more extensive research into the prior art before filing an application in an effort to turn up prior art that might later require them to amend their claims. Patent prosecutors will similarly be burdened by the need to devote much greater effort at the stage of the initial application in drafting the claims and claim elements in a manner most likely to avoid the need to amend. *See* Wolff, *supra*, at 34-36 (referring to this approach as the "Robust Status Quo" response to *Festo*). The additional care (and additional claims) required in light of *Festo* may raise the cost of patent protection to a point where it becomes less available to individual inventors and small businesses. This result, in turn, will diminish the effectiveness of the patent system as a spur towards invention.

Another effect of increased patent costs may be to encourage inventors to protect their inventions as trade secrets, rather than disclose them to the public in exchange for (weakened) patent protection. This result would be contrary to the patent system's objective of encouraging the disclosure of inventions.

F. *Festo* May Increase the Burdens on the Patent and Trademark Office.

Festo may also increase the burdens on the PTO and, ultimately, the Federal Circuit. Applicants disappointed by an examiner's rejection of claims will have an incentive to appeal the refusal through the administrative and legal

process instead of simply amending their claims.[7] Such appeals threaten to add substantial delays to an already deliberate process and increase the costs of prosecution not only for patentees, but for the public. These additional costs may favor large companies with substantial resources over smaller companies and individual inventors.

One commentator has noted that patentees facing the prospect of a claim amendment may choose a "slash and burn" approach, canceling all claims of the application and replacing them with a completely new set of claims. *See* Wolff, *supra*, at 36-37. This approach could successfully fend off the danger of prosecution history estoppel presented by *Festo*, because "canceling all the claims and offering a complete new set of claims will frustrate [the] mapping of claim elements and make it difficult to determine if the claims have been narrowed." *Id.* Such an approach to patent prosecution hardly serves the public interest. It increases the burden on patent examiners and may also increase the duration of the patent prosecution process.

III. *FESTO* RAISES IMPORTANT QUESTIONS REGARDING APPELLATE DECISION-MAKING.

Finally, the Federal Circuit's procedure of soliciting briefing on certain abstract legal questions and then answering them, *en banc*, separately from its analysis of the facts of the dispute at hand, raises questions regarding the court's approach to appellate decision-making.[8] As this

---

[7] Rejection of claims by patent examiners can be appealed as of right to the Patent Office's Board of Patent Appeals and Interferences, and then to the Federal Circuit. *See* 28 U.S.C. § 1295(a)(4)(A); 37 C.F.R. § 1.191(a) (2000).

[8] Recently, the Federal Circuit has indicated an intention to provide answers *en banc* to certain other general questions relating to the doctrine of equivalents. In January 2001, the court issued an order, *sua sponte*, that it would hear a pending case *en banc*. *Johnson & Johnston Assocs., Inc. v. R.E. Serv. Co.*, 238 F.3d 1347 (Fed. Cir. 2001). It asked the

Court has advised, "the business of federal courts" is to resolve "questions presented in an adversary context and in a form historically viewed as capable of resolution through the judicial process." *Flast v. Cohen*, 392 U.S. 83, 95 (1968); *see also United States v. Fruehauf*, 365 U.S. 146, 157 (1961).

Precisely because the judicial process is best equipped to resolve concrete rather than abstract disputes, this Court has consistently encouraged the lower federal courts to adhere to the facts of the actual controversies before them. By doing so, courts over time construct doctrines on a case-by-case basis, with each holding tied to the facts at issue. As new cases arise, litigants can rely upon or distinguish these cases depending on the specific factual circumstances of each dispute. Doctrines develop incrementally in a way that encourages litigants and the courts to focus on the specific facts of each case and discourages the enunciation of rules whose application to facts not before the court might produce unanticipated results.

Since *Graver Tank*, the lower federal courts, including the Federal Circuit, developed the doctrine of prosecution history estoppel – itself a judicially-created doctrine – in just this way. In *Festo*, however, the questions set forth and answered *en banc* were notably more expansive than the questions actually presented by the facts of the case. The dispute between the parties did not require that new general principles be announced, yet the parties became bystanders as the court, *en banc*, propounded questions and then enunciated a series of rules intended to govern all future prosecution history estoppel cases involving claim amendment. These rules were not limited to the issues raised by Festo's patents, their prosecution, or the specific allegations of infringement. Only after announcing its new

---

parties to brief certain abstract legal questions and invited the participation of *amici curiae* on those questions. *Id.*

general rules did the court address the parties' specific dispute using those rules.

The weight of authority that attends an *en banc* decision will inevitably cause other panels and lower courts to continue to apply the broad rules announced in *Festo*, even though those rules are, when applied beyond the facts in *Festo*, merely dictum. Indeed, the Federal Circuit itself and the district courts have already followed the new rules announced in *Festo* as if they were controlling authority that could not be distinguished. *See, e.g., Senior Techs., Inc. v. R.F. Techs., Inc.*, Nos. 00-1089, 00-1090, 2001 U.S. App. LEXIS 4179, at *17 (Fed. Cir. Mar. 21, 2001); *Litton Sys.*, 238 F.3d at 1380-81; *Pickholtz*, 125 F. Supp. 2d at 1162.[9]

Parts of the *Festo* opinion more closely resemble a legislative enactment than a judicial decision. Like a statute, which is typically drafted so as to apply to a wide variety of circumstances, the *Festo* decision, with its broad questions and answers, purports to have general future application. In addition, like a legislative body, the *Festo* court relied extensively on public policy to justify its conclusions. Unlike legislative bodies, which can commit considerable resources in order to evaluate the costs and benefits of adopting certain policies, however, courts are not similarly equipped.[10] This Court should grant the petition for

---

[9] Indeed, one district court, while clearly regarding itself as constrained to follow the new rules announced in *Festo*, has criticized those rules because of the apparent unfairness that resulted from their application to the case then before that court. *See Control Resources, Inc. v. Delta Elecs., Inc.*, 133 F. Supp. 2d 121, 125, 136-37 (D. Mass. 2001).

[10] Congress may be better equipped to evaluate and adopt far reaching policies in the patent area. Within the past fifteen years, Congress has actively revised the patent laws and, in particular, has expanded both the term of patents as well as the scope of infringement. *See, e.g.*, Patent Term Guarantee Act of 1999, Pub. L. No. 106-113, § 4402, 113 Stat. 1501A-557 (codified at 35 U.S.C. § 154(b)) (providing extension of patent term where application is pending in PTO beyond three years);

certiorari so that it can address the advisability of the Federal Circuit's practice of posing and answering, *en banc*, abstract, general questions that are intended to govern all future cases implicating those questions.

CONCLUSION

For the foregoing reasons, *amicus curiae* Federal Circuit Bar Association respectfully requests that this Court grant the Petition for Writ of Certiorari.

Respectfully submitted,

GEORGE E. HUTCHINSON
EXECUTIVE DIRECTOR,
FEDERAL CIRCUIT
BAR ASSOCIATION
1300 I Street, N.W.
Suite 700
Washington, D.C. 20005
(202) 408-4000

CLAIRE LAPORTE
(Counsel of Record)
MITCHELL J. MATORIN
ROBERT L. BOCCHINO JR.
MEGAN H. MACK
MARK A. REILLY
FOLEY, HOAG & ELIOT LLP
One Post Office Square
Boston, MA 02109
(617) 832-1000
Counsel for Amicus Curiae
The Federal Circuit Bar
Association

Dated: May 9, 2001

Uruguay Round Agreements Act, Pub. L. No. 103-465, § 533(a), 108 Stat. 4988 (1994) (codified in various subsections of 35 U.S.C. § 271) (adding prohibition on offering to sell or importing into United States an invention patented in United States); Process Patent Amendments Act of 1988, Pub. L. No. 100-418, § 9003, 102 Stat. 1563-64 (codified at 35 U.S.C. § 271(g)) (adding prohibition on importation into Unit States, sale, or use within United States of a product made by a process patented in United States). Despite undertaking these revisions, Congress has not altered the state of the law regarding either the doctrine of equivalents or prosecution history estoppel.